

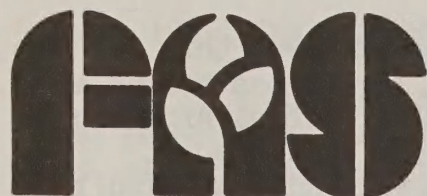
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REPORT

WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

United States
Department of
Agriculture
Foreign
Agricultural
Service

Washington, D.C. 20250
WR 21-83

WASHINGTON, May 25--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

EC TRADE NOTES

The EUROPEAN COMMUNITY (EC) agreed to raise agricultural farm support prices for the 1983/84 season (beginning August 1) by an average 4.2 percent. Last year's record increase was 10.5 percent. For grains, support prices will increase by an average of 3 percent compared to 8.5 percent last year. However, grain target prices, which are the basis for determining the prices of imported grains, will increase by 4.3 percent. This continuing divergence between target and support (intervention) prices means that imported grains (U.S. corn and wheat) will continue to be placed at a relatively greater price disadvantage compared to domestically produced grains.

EC agricultural ministers have reportedly agreed to transfer some intervention wheat stocks from surplus countries like France and West Germany to deficit producers like Italy and Ireland. Officials have indicated that 400,000 tons of wheat would be transferred to Italian intervention stocks and 50,000 tons each to Ireland and Northern Ireland to ensure that the benefits of the feed scheme were shared equally by member states. This would be the first step in the EC plan to incorporate 2-3 million tons of wheat into feed channels. This tonnage would be in addition to the estimated 13 million tons of wheat being fed in 1982/83. Increased wheat feeding could mean reduced demand for imported corn or increased pressure to export EC barley displaced by the wheat in feed rations.

GRAIN AND FEED

ARGENTINA's FOB asking prices for wheat have been about \$115 per ton in mid-May, falling almost \$40 per ton since the beginning of the Argentine wheat marketing year in December. Argentine wheat prices have shown a rather steady decline through the season until recently when prices plunged about \$10 per ton, actually falling \$5 to \$10 per ton below Argentine corn asking prices for the first time this season. Record wheat export availabilities and the need to attract additional sales have likely precipitated the falling prices.

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The Soviet Union remains Argentina's largest wheat buyer this season with an estimated 4 to 4.5 million tons purchased. China has bought an estimated 2.5 million tons and Iran, a reported 840,000 tons. Total Argentine wheat commitments for the Dec-Nov 1982/83 marketing year are estimated at roughly 8 million tons, leaving about 2 million tons of wheat still available for export. Earlier in the Argentine market year, Argentine asking prices were about \$15 to \$20 per ton below U.S. FOB hard winter No. 2 and about \$20 per ton above U.S. soft red. Since December 1982, U.S. hard winter wheat prices have fallen somewhat, and soft red prices have strengthened. Current Argentine prices make Argentine wheat very competitive in world markets, falling about \$35 to \$40 per ton below U.S. FOB hard winter No. 2 prices, and about \$10 to \$20 per ton below the cheapest U.S. wheat (soft red). If the current prices do not attract additional business, Argentina may carry-over well above average wheat stocks into next season, making a large 1983/84 wheat export level more likely.

OILSEEDS AND PRODUCTS

The FISHMEAL EXPORTERS ORGANIZATION (FEO) countries, which account for the bulk of world exportable supplies, produced 310,000 tons of fishmeal during Jan-Mar 1983--down 10 percent from the same period in 1982. Fishmeal exports during the same period declined to 234,000 tons--down 18 percent from the same three months a year ago. Fishmeal stocks on March 31, 1983 declined by 23 percent from a year ago. The data are as follows in 1,000 tons:

Country	Jan-Mar 1982			Jan-Mar 1983		
	Production	Exports	Ending Stocks	Production	Exports	Ending Stocks
Chile	137	148	194	140	94	188
Iceland	16	32	11	11	10	5
Norway	84	42	80	107	59	85
Peru	109	64	166	52	71	69
Total	346	286	451	310	234	347

In early May, fishmeal prices (basis Europe) were about \$442 per ton--22 percent above the May 1982 level and 36 percent above the October 1982 low. The fishmeal/soybean meal price ratio is now about 1.90 to 1 compared with 1.46 to 1 a year ago. Fishmeal contains roughly 45 percent more protein per unit than soybean meal. The substantial price gain reflects reduced production and stocks in Peru.

DAIRY, LIVESTOCK AND POULTRY

JAPAN recently acknowledged SINGAPORE as a category "O" country for meat imports, allowing Singapore's Changi Airport to sell "carry-on" beef packages to Japanese tourists returning to Japan. The declaration is expected to encourage significant sales of both Australian and U.S. beef to Singapore, a popular destination for Japanese tourists. Similar carry-on sales already permitted in certain American, Australian and Taiwanese airports allow Japanese travelers to purchase beef for personal use at competitive prices and to bring it back to Japan without the quota restrictions applied to commercial imports.

URUGUAY's beef production, as reported by the U.S. agricultural attache in Buenos Aires, is expected to total 425,000 tons of beef in 1983, up 11 percent from 1982. The sharp increase is largely due to the growing export market responding to the low value of the Uruguayan peso. The rise in production is expected to result in an 8-percent drop in cattle numbers from 10.3 million at the start of 1983 to 9.5 million at the end of the year.

According to official CANADIAN estimates of April 1, 1983, hog numbers totaled 9,798,000 head, up 1 percent compared to last year. Sows and bred gilts, however, were up 2 percent to 1,052,300 head. Estimates of the number of pigs saved from the first quarter's pig crop rose 4-percent to 3.59 million head compared with 3.44 million last year.

TOBACCO

SINGAPORE's 1982 imports of unmanufactured tobacco and cigarettes showed a substantial growth in comparison with 1981. Tobacco leaf imports were 8,129 tons, an increase of 19 percent. China supplied 55 percent of the total, followed by the United States and Thailand with 13 percent and 12 percent, respectively. Cigarette imports increased to 3,286 tons in 1982 from 2,787 tons in 1981. The United States was the largest supplier with 66 percent, while the United Kingdom provided 32 percent.

Domestic cigarette production rose to 3,792 tons, an increase of 18 percent from 1981, while cigarette exports (both domestically produced and re-exports) rose sharply to 2,177 tons, an increase of 76 percent. Kampuchea was the largest market (41 percent), followed by Brunei (20 percent) and Thailand (10 percent).

In March 1983, the Government of Singapore increased import duties on unmanufactured tobacco to S\$36 per kilo and imported cigarettes to S\$50 per kilo; former duties were S\$18 and S\$22.5, respectively. Excise tax for domestically produced cigarettes also was increased to S\$14 per kilo, from S\$9 per kilo. Domestic cigarette distributors reportedly have not yet passed on the increase in taxes to the consumers, and thus it is expected that cigarette consumption will continue to show a gradual rise during 1983.

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WORLD 1983 production of unmanufactured tobacco is expected to be 6.06 million tons (farm sales weight basis), down 10 percent from the 1982 record crop. Production decreases in the United States, China, India, Brazil, South Korea, Italy, Cuba, Bulgaria, and Poland significantly offset expected production increases in Canada, Zimbabwe, Malawi, Turkey, Indonesia, Philippines, Thailand, Pakistan, and South Africa. The most significant variation in tobacco production during 1983 is anticipated in China where government acreage restrictions and forecasts of reduced grower prices are expected to reduce production 28 percent from last year's crop now estimated at a record 2.085 million tons. World output of all leaf types are forecast to be smaller in 1983 except for oriental tobacco, estimated at 897,829 tons, up marginally from last year primarily due to larger production in Turkey.

Flue-cured tobacco production in 1983 is estimated at 3.0 million tons, down 15 percent from last year. Factors contributing to the overall decline in world flue-cured production are: A 9-percent drop in the 1983 effective flue-cured marketing quota in the United States; the adverse weather and blue-mold which reduced crops in Brazil, Cuba, and Mexico; and the sharply reduced Chinese acreage. India's flue-cured crop for 1983, up 16 percent to 160,000 tons, has a higher proportion of medium and low quality leaf. South Korea's flue-cured crop in 1983 is expected to be 63,000 tons, down 22 percent from last year's large crop due to a 10-percent drop in area and an expected return to normal yields.

World burley tobacco production in 1983 is estimated at 718,698 tons, down only 5 percent from 1982. In Malawi, a record 48,000 ton burley crop has depressed grower prices well below last year. Increased tobacco areas have produced larger burley crops in 1983 in Brazil, Thailand, Philippines, and Zimbabwe. The effective marketing quota for burley in the United States is down 17 percent from last year.

Smaller dark air- and sun-cured tobacco production in India, China, and the United States are expected to lead to reduced 1983 world production of 938,520 tons, a 10-percent drop from last year. A reduced world light air-cured area in 1983 is expected to result in a 282,104 ton crop, 12 percent below last year. World cigar leaf production in 1983 is estimated at 159,944 tons, down 10 percent from last year. Adverse weather reduced production of cigar tobacco in Cuba. Dark fire-cured tobacco production world wide in 1983 is expected to be 51,191 tons, down 8 percent from last year primarily due to smaller crops in the United States, Italy, and Poland.

FRUITS AND NUTS

AUSTRALIA's 1982/83 citrus crop now being harvested is estimated by the agricultural counselor in Canberra at 468,000 metric tons, down 8 percent from last year. The 1983 crop yields have been reduced by a frost last June in the Murray Valley and hot and dry weather during the September bloom period. Lemon production, estimated at 31,000 tons and down 22 percent from last year, was particularly affected by the drought during the bloom period. Production of oranges, grapefruit, and tangerines, 7 percent below last year's harvest level, was not as seriously affected as lemons, with the crop estimates of 382,000, 27,000, and 28,000 tons, respectively.

SUGAR

The BRAZILIAN Sugar and Alcohol Institute's (IAA) sugar and alcohol production plan for 1983/84 was approved at the equivalent of 9.4 million tons, raw value, and 7.06 billion liters, respectively. Of the planned production, about 2.9 million tons are for export and 6.5 million are for domestic consumption and stocks. The plan requires a sugarcane crop of 195 million tons. However, total cane production for 1983/84 is estimated at 209 million tons, 30 percent above the 1982/83 harvest. The expectation is that the excess cane will be used for alcohol production if a market exists and funds are available for financing the production and storage of the surplus alcohol until it is marketed.

The sugar production plan for 1982/83 was also for 9.4 million tons of sugar and was revised to 5.28 billion liters of alcohol. Final sugar output for 1982/83 is estimated at 9.3 million tons.

-6-
Selected International Prices

Item	: May 25, 1983		: Change from	: A year
			: previous week	: ago
ROTTERDAM PRICES 1/	\$ per MT	\$ per bu.	\$ per MT	\$ per MT
Wheat:				
Canadian No. 1 CWRS-13.5%.	205.00	5.58	-0-	N.Q.
U.S. No. 2 DNS/NS: 14%...	188.00	5.12	+5.50	181.00
U.S. No. 2 DHW/HW: 13.5%..	N.Q.	--	--	N.Q.
U.S. No. 2 S.R.W.....	160.00	4.35	+1.00	N.Q.
U.S. No. 3 H.A.D.....	205.00	5.58	+6.00	181.00
Canadian No. 1 A: Durum..	214.50 15/	5.84	+1.50	N.Q.
Feed grains:				
U.S. No. 3 Yellow Corn....	146.40	3.72	+2.40	132.50
U.S. No. 2 Sorghum 2/.....	N.Q.	--	--	133.50
Feed Barley 3/.....	N.Q.	--	--	N.Q.
Soybeans and meal:				
U.S. No. 2 Yellow.....	N.Q.	--	--	266.00
Brazil 47/48% SoyaPellets 4/	219.00	--	+50	244.00
U.S. 44% Soybean Meal.....	N.Q.	--	--	230.00
U.S. FARM PRICES 5/				
Wheat.....	134.11	3.65	+1.10	134.85
Barley.....	72.57	1.58	+1.84	86.35
Corn.....	118.50	3.01	+3.54	100.39
Sorghum.....	107.58	4.88 6/	+66	96.12
Broilers 7/.....	1038.81	--	+9.48	N.A.
EC IMPORT LEVIES				
Wheat 8/.*.....	98.28	2.67	-1.88	112.85
Barley.....	105.55	2.30	+2.11	88.00
Corn.....	77.67	1.97	-3.47	101.55
Sorghum.....	86.45	2.19	+11.78	94.30
Broilers 9/.....	N.Q.	N.Q.	N.Q. 13/	N.Q.
EC INTERVENTION PRICES 11/				
Common wheat(feed quality)	183.65	5.00	-1.40	192.27
Bread wheat.....	201.42	5.48	-1.54	220.77
Barley and all				
other feed grains.....	183.65	--	-1.40	192.27
Broilers 12/.....	N.Q.	N.Q.	N.Q.	N.Q.
EC EXPORT RESTITUTIONS (subsidies)				
Wheat.....	N.A.	--	--	N.A.
Wheat flour.....	N.Q.	N.Q.	N.Q.	N.Q.
Barley.....	78.68	1.71	--	N.A.
Broilers 9/.....	N.Q.	N.Q.	N.Q. 13/	N.Q.
Sugar, refined 14/.....	N.Q.	N.Q.	N.Q.	N.Q.

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Optional delivery: Argentine Granifero sorghum. 3/ Optional delivery: Canadian feed barley. 4/ Optional delivery: Argentine. 5/ Based on selected major markets and adjusted to reflect farm prices more closely. 6/ Hundredweight (CWT). 7/ Twelve-city average, wholesale weighted average. 8/ Durum has a special levy. 9/ EC category--70 percent whole chicken. 10/ Reflects exchange rate change and not level set by EC. 11/ Reflects change by EC effective Feb. 1, 1983 from 31.8 ECU's/100 kg to 33.15. 12/ F.o.b price for R.T.C. whole broilers at West German border. 13/ Change from previous week generally reflects change in exchange rates. 14/ Week of April 28-May 4, based on a maximum subsidy rate of 34.49 ECU's per 100 kilograms. 15/ July Shipment. N.Q.=Not quoted. N.A.=None authorized. * Import levy in U.S. dollars reported May 17 should have been 100.16 MT - 2.72 bushel - up 3.45 from previous week. Note: Basis June delivery.

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